Saskatchewan - Dept. Repts. c.2

Government of Saskatchewan

Annual Report 1981-82

Saskatchewan Health

Prescription Drug Plan

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Graham Taylor,
Minister of Health

To The Honourable C. Irwin McIntosh,
Lieutenant Governor of Saskatchewan

May it please Your Honour:

In accordance with Section 8(3)(e) of The Prescription Drugs Act, I am pleased to present the Annual Report of the Prescription Drug Plan for the period of April 1, 1981 to March 31, 1982.

Respectfully submitted,

Graham Taylor,
Minister of Health

K. J. Fyke,
Deputy Minister
of Health

To The Honourable Graham Taylor,
Minister of Health

Sir:

I am pleased to present herewith the Annual Report of the Prescription Drug Plan for the fiscal year ending March 31, 1982.

Respectfully submitted,

K. J. Fyke,
Deputy Minister
of Health

P. A. R. Glynn, Ph.D.,
Associate Deputy
Minister of Health

G. F. Peters,
Acting Executive
Director
Prescription Drug
Plan (April 1, 1981
to June 14, 1981)

J. C. Reid,
Executive Director
Prescription Drug
Plan (June 15,1981
to March 31, 1982)

Objectives of the Prescription Drug Plan

The Prescription Drug Plan was established to:

1. Reduce the direct cost of prescription drugs to Saskatchewan residents.
2. Provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness.
3. Reduce the cost of drug materials by encouraging effective price competition and quantity discounts.
4. Encourage the rational use of prescription drugs through research, consultation with professional associations, and educational programs directed at physicians, pharmacists and the general public.

Background to the Prescription Drug Plan

The Prescription Drug Plan was designed in consultation with physicians, pharmacists and pharmaceutical wholesalers. The major features of the Prescription Drug Plan incorporate the recommendations of the Hall Commission to the federal government and the Thompson Committee to the Saskatchewan government.

The major design criteria of the Prescription Drug Plan were:

1. The Prescription Drug Plan should be a universal program.
2. The consumer should pay a portion of the cost of each prescription.
3. A drug formulary system should be used. Only drugs proven to be therapeutically effective and made by competent manufacturers should be covered.
4. There should be government involvement in the purchasing of drugs to reduce drug material cost.
5. The existing wholesale and pharmacy retail distribution system should be used.

These criteria were incorporated in the enabling legislation for the Prescription Drug Plan, The Prescription Drugs Act, which was assented to on May 10, 1974.

The Prescription Drug Plan began providing benefits on September 1, 1975.

Frequently Asked Questions

Q. What drugs are covered by the Prescription Drug Plan?

A. The Prescription Drug Plan covers drugs which are listed in the Saskatchewan Formulary. To be included in the formulary, drugs must meet established standards of quality and effectiveness. Certain non-formulary drugs required to meet special needs may be covered under Exception Drug Status (see page 6). If you require a non-formulary drug on a continuous basis you should ask your doctor if it meets the criteria for Exception Drug Status.

Q. Who decides what drugs are covered?

A. The Minister of Health, acting on the advice of the Saskatchewan Formulary Committee, a committee of physicians, pharmacists, pharmacologists and nurses.

Q. Why are some drugs not covered by the Prescription Drug Plan?

A. Drugs must be evaluated and approved by the Saskatchewan Formulary Committee to be covered under the Prescription Drug Plan. Specific drugs may not have received approval for one or more of the following reasons:

1. The drug has not been demonstrated to be of proven therapeutic effectiveness.
2. The drug does not meet established standards for quality.
3. The drug offers no therapeutic advantage over existing formulary drugs.
4. The manufacturing facility does not meet federal requirements for drug manufacturing, or does not meet the standards of the Saskatchewan Formulary Committee.
5. The drug can be purchased over-the-counter without a prescription at reasonable cost.
6. The drug has not yet been reviewed by the Formulary Committee.

Q. Will the Prescription Drug Plan cover the cost of prescriptions purchased outside of Saskatchewan?

A. The Prescription Drug Plan pays only for drugs purchased from Saskatchewan pharmacies or from participating pharmacies in certain Alberta and Manitoba communities bordering Saskatchewan.

If a Saskatchewan resident requires medication on a regular basis and is planning a trip out of the province, arrangements should be made to obtain the required drug from a Saskatchewan pharmacy before departing.

Q. What does the consumer pay towards the cost of each prescription? Why does it vary from one pharmacy to another?

A. The consumer pays a maximum of $3.50 for each prescribed drug covered by the Prescription Drug Plan. The Prescription Drug Plan pays the pharmacy the balance of the cost. For example, if your doctor prescribes two drugs, you will pay up to $3.50 for each drug, for a maximum total of $7.00. Pharmacies are allowed to engage in price competition up to the maximum; that is, they may charge less than $3.50 per prescription.

The pharmacist may charge extra for delivery, or for returning to the pharmacy after regular store hours to fill a prescription.

Q. Why do some pharmacies charge more than one dispensing fee when providing more than a one month supply of medication?

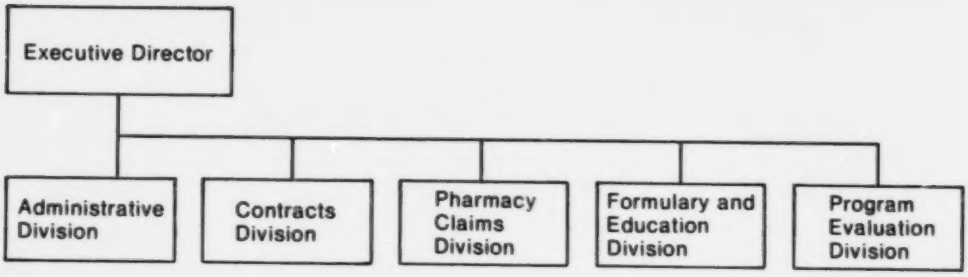
A. The Drug Plan does not impose restrictions on the quantity of medication dispensed for one dispensing fee. However, under the terms of the contract negotiated with the Saskatchewan Pharmaceutical Association, pharmacies are permitted to charge one dispensing fee for each 34 day supply of medication or portion thereof. Therefore, a pharmacist may charge more than one dispensing fee if you receive more than a one month supply of medication.

For certain drugs a greater quantity can be obtained for one dispensing fee (see page 8).

Q. Why are drugs sometimes different in colour or shape than those which were received in the past on the same prescription?

A. This will occur when your pharmacist dispenses an interchangeable brand of the drug prescribed by your doctor. The product you receive will have the same ingredients, the same effect and will be of equal quality to the prescription you received before. If you receive a drug that looks different from the one you have been taking, feel free to discuss it with your pharmacist.

Organization Chart



Administrative Organization

Executive Director

The Executive Director is responsible for the management of the Prescription Drug Plan. He serves as the principal contact on matters of policy and procedures with representatives of pharmacy, medicine, drug wholesalers and drug manufacturers.

Administrative Division

The Administrative Division is responsible for developing and implementing the administrative policies and procedures of the Prescription Drug Plan. The division's functions include: budget preparation and monitoring; space, property and supply management; forwarding cheques and paylists to pharmacies; processing of revenue accounts and expenditures (excluding pharmacy claims); preparation of reports, materials and financial data for the year end statements; and other administrative functions.

The division provides support services to other Prescription Drug Plan divisions. It maintains liaison with the Saskatchewan Health Administrative Services Branch, Saskatchewan Government Services and Saskatchewan Finance with respect to implementing and improving the administrative functions of the Prescription Drug Plan.

The Pharmacy Audit Section, within the Administrative Division, conducts post-audits of pharmacy claims to ensure compliance with the terms and conditions of the Pharmacy Contract.

Contracts Division

The prime function of the Contracts Division is to ensure that pharmacies have available to them a continuous supply of quality drugs at reasonable prices. The division is responsible for determining prices and methods of acquisition and distribution of all products listed in the Saskatchewan Formulary.

The division obtains guaranteed prices from manufacturers and distributors, and issues tenders for Standing Offer Contracts. It is also involved in developing efficient and economical arrangements with manufacturers, wholesalers and warehouses for the supply of drug products to retail pharmacies.

Pharmacy Claims Division

The Pharmacy Claims Division is responsible for the processing and payment of accounts submitted by participating pharmacies and dispensing doctors. The computer services necessary for the processing of claims are co-ordinated by this division and supplied by the Systems Division, Saskatchewan Revenue Supply and Services, the Saskatchewan Computer Utility Corporation and the Saskatchewan Hospital Services Plan.

The processing and payment of pharmacy claims involves the combined efforts of several sections in the Pharmacy Claims Division. The Systems Section provides analysis and detail design for changes to manual and computer processing of claims. This section also has responsibility for systems control measures, and implementation and testing of system and computer program changes.

The Processing Section is made up of three units. The Mail Room Unit receives and screens incoming claims. The Data Entry Unit transfers the information from these claims to magnetic tape to enable computer processing of accounts.

The routine assessment and approval of accounts for payment is performed by computer. Each claim is checked against stored information to determine whether it can be approved for payment.

Claims which are not approved for payment are rejected for manual review. Those which require clarification or interpretation are sent to the Assessment Unit.

The Pharmacy Claims Division is responsible for communication with pharmacies regarding Prescription Drug Plan operations. The division issues periodic bulletins to pharmacies and maintains the Pharmacy Manual. These items provide pharmacies with current statements of Prescription Drug Plan policy and information on submission and processing of claims.

The division is responsible for the verification program. Each week a sample of claims is verified with beneficiaries to ensure that drugs were provided as claimed.

Formulary and Education Division

The Formulary and Education Division is responsible for developing education programs directed at physicians, pharmacists and the public. The division publishes the Saskatchewan Formulary and the Saskatchewan Formulary Committee Bulletins.

The division provides staff services to the Drug Quality Assessment Committee and the Saskatchewan Formulary Committee. Support services include research and organization of information to assist these committees in making decisions. The division reviews medical literature and clinical documentation respecting the therapeutic effectiveness of drugs. Drug quality reports from independent laboratories and from other government agencies and organizations are also reviewed.

The Formulary and Education Division also assesses requests from physicians for coverage of non-formulary drugs under Exception Drug Status.

Program Evaluation Division

The function of the Program Evaluation Division is to evaluate the effectiveness of the Prescription Drug Plan in meeting its program objectives. The division takes an active part in the development and formulation of policies and procedures to improve the operation of the plan.

Using data from the claims processing system, the division undertakes studies of various aspects of prescription drug use and Prescription Drug Plan functions. Recommendations for procedural and policy changes are made to the Executive Director. The division also provides staff support services to the Joint Committee on Drug Utilization.

The Program Evaluation Division is responsible for specification and production of statistical information, and for the preparation of the Annual Report.

The Saskatchewan Formulary

A drug covered by the Prescription Drug Plan must meet certain requirements. The drug must:

1. Be listed in the Saskatchewan Formulary
2. Be prescribed by a licensed physician or dentist (with the exception of insulin and urine testing agents which may be obtained without prescription).

The range of drugs listed in the formulary will enable physicians to select appropriate courses of therapy for most patients. Drugs are under continuous review, and additional drugs are added to the Saskatchewan Formulary if they meet the standards established by the Saskatchewan Formulary Committee. Drug products will be deleted if they cease to meet these standards. Drugs may also be deleted if they are replaced by improved products. A revised edition of the Saskatchewan Formulary is published January 1 and July 1 of each year.

The Prescription Drug Plan does not normally cover over-the-counter (OTC) preparations which are available without prescription at reasonable cost.

The Prescription Drug Plan does not provide coverage for drugs which are covered by other government agencies. These include drugs administered in hospitals, anti-neoplastic agents, anti-tuberculosis drugs, blood derivatives, vaccines and sera.

Exception Drug Status

Drugs not listed in the formulary may be covered by the Prescription Drug Plan as "exception drugs" if one of the following criteria is met:

1. The drug is ordinarily administered only to hospital inpatients and is being administered to non-hospitalized patients because of unusual circumstances; or
2. The drug is not ordinarily prescribed or administered in Saskatchewan, but is being prescribed because it is required in the diagnosis or treatment of a patient having an illness, disability or condition rarely found in this province; or
3. The drug is infrequently used because formulary preparations are usually effective but are contraindicated or found to be ineffective because of the clinical condition of the patient; or
4. The drug is a therapeutically effective over-the-counter (OTC) product normally available without prescription at reasonable cost, but is required in large quantities or for extended periods of time.

Requests for Exception Drug Status must be made by the prescribing physician or dentist to the Director of the Formulary and Education Division. A 24 hour toll-free telephone line with an electronic secretary is provided for this purpose. A separate request is required for each patient.

If the request is approved, an authorization card is sent to the patient. The patient may obtain the approved drug by presenting the card and the prescription to the pharmacist and by paying the normal prescription charge. The pharmacist bills the Prescription Drug Plan in the same manner as for formulary drugs.

Saskatchewan Formulary Committee

The Saskatchewan Formulary Committee is appointed by the Minister of Health to compile and maintain the Saskatchewan Formulary. The formulary lists quality pharmaceutical products of proven medical effectiveness. The range of listed drugs is considered to be sufficient to enable physicians to select appropriate courses of drug therapy for most patients.

The committee identifies certain products as "interchangeable". Interchangeable products are different brands of the same drug with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality.

The activities of the committee are ongoing. The formulary is continually being revised and updated with new editions published semi-annually. Part of the ongoing work is to review new drug products, and to re-evaluate formulary drugs in light of new information on their use and effects.

Members of the Saskatchewan Formulary Committee as of March 31, 1982 are:

Mrs. Elta Brown — Chairperson

Dr. J. L. Blackburn — College of Pharmacy

Dr. Gordon E. Johnson — College of Medicine

Mr. Carroll Chlopan — Saskatchewan Pharmaceutical Association

Dr. S. W. Zacharuk — Saskatchewan Medical Association

Dr. D. H. Clarke — Saskatchewan Medical Association

Mrs. Betty Riddell — Saskatchewan Health Care Association

Mrs. Sharon Sullivan — Saskatchewan Registered Nurses Association

Dr. Roy West — Saskatchewan Health

Drug Quality Assessment Committee

The Drug Quality Assessment Committee is appointed by the Minister of Health to advise and assist the Saskatchewan Formulary Committee. The members of this committee are knowledgeable in the clinical use of drugs, pharmacology and drug manufacturing.

The major responsibility of this committee is to make recommendations to the Formulary Committee regarding the clinical effectiveness and quality of products under review. The committee makes use of consultants' reports, manufacturers' or independent laboratories' analyses, clinical and manufacturing documentations, reviews of relevant scientific literature and visits to manufacturing facilities to assess drug production methods and capabilities.

Members of the Drug Quality Assessment Committee as of March 31, 1982 are:

Dr. Gordon E. Johnson — Chairman

Dr. J. L. Blackburn — College of Pharmacy

Dr. Donald Zuck — College of Pharmacy

Dr. Thomas W. Wilson — College of Medicine

Dr. I. Holmes — College of Medicine

Dr. A. E. Somerville — Saskatchewan Medical Association

Mrs. Elta Brown — Offico Member

Joint Committee on Drug Utilization

The Joint Committee on Drug Utilization is appointed by the Minister of Health to consider quality of care issues as they pertain to drug use. The committee has the following terms of reference:

1. To identify areas of concern related to drug utilization.
2. To carry out study and analysis related to the concerns identified.
3. To recommend appropriate methods of dealing with concerns related to drug utilization and its impact on the quality of care.

   Recommendations may be made to the Minister of Health or to the various health professional and regulatory bodies, including the constituent bodies which are: the College of Medicine, the College of Pharmacy, the Saskatchewan Medical Association, the Saskatchewan Pharmaceutical Association, the College of Physicians and Surgeons and the Prescription Drug Plan.

4. To provide information that can be used in education programs for the public and the health professions.

The Prescription Drug Plan, through its Program Evaluation Division, assists the committee by providing information on drug use and by undertaking studies to analyse the areas of concern identified by the committee.

The committee has also initiated a program to assist physicians and pharmacists in monitoring mood-modifying drug use. Under this program, a patient medication profile is released to the attending physician and pharmacist where a patient's drug use exceeds usually recommended dosages.

Members of the Joint Committee on Drug Utilization as of March 31, 1982 are:

Dr. B. R. Schnell ____ Chairman, College of Pharmacy

Dr. I. Holmes ____ College of Medicine

Dr. T. A. Wigmore ____ College of Physicians and Surgeons

Dr. J. D. Coucill ____ Saskatchewan Medical Association

Mr. G. McCutcheon ____ Saskatchewan Pharmaceutical Association

Mr. J. C. Reid ____ Prescription Drug Plan

Features of the Prescription Drug Plan

Eligibility for Benefits

All Saskatchewan residents who hold valid Saskatchewan Health Services Cards are eligible for benefits under the Prescription Drug Plan, except those who have prescription costs paid by another government agency.

The groups not covered by the Prescription Drug Plan are:

Registered Indians
(federal government responsibility)

Dept. of Veterans Affairs beneficiaries

Workers' Compensation Board Claimants

Royal Canadian Mounted Police
(dependents are covered by the Prescription Drug Plan)

Canadian Forces Personnel
(dependents are covered by the Prescription Drug Plan)

Prescription Requirements for Coverage

A prescription order from a physician or dentist is required for all drugs covered by the Prescription Drug Plan, with the exception of insulin and urine testing agents used by diabetics.

Cost to Consumer

The consumer pays a maximum of $3.50 per prescription (as of December 1, 1981) for most drugs covered by the Prescription Drug Plan and a maximum of $1.00 per package of insulin and urine testing agents. The balance of the prescription cost is paid by the Prescription Drug Plan.

Pharmacy Reimbursements

According to the current negotiated agreement between the Prescription Drug Plan and the Saskatchewan Pharmaceutical Association, the pharmacy receives the acquisition cost of drug material, plus a dispensing fee for each prescription. The negotiated dispensing fees per prescription for the first 20,000 prescriptions filled per year, and per prescription thereafter during the 1981/82 fiscal year are as follows: $4.10 and $3.60 from August 1, 1981 to November 30, 1981; $4.60 and $4.10 from December 1, 1981 to February 28, 1982 and $4.65 and $4.15 from March 1, 1982.

The Prescription Drug Plan pays the pharmacy the drug material cost, plus a dispensing fee subsidy. The fee subsidies paid per prescription for the first 20,000 prescriptions per year and per prescription thereafter are as follows: $1.00 and 50¢ from August 1, 1981 to November 30, 1981; $1.10 and 60¢ from December 1, 1981 to February 28, 1982 and $1.15 and 65¢ from March 1, 1982. The pharmacy charges the consumer a maximum of $3.50 per prescription. Approximately 75 pharmacies charge less than the $3.50 maximum.

For insulin and urine testing agents, the Prescription Drug Plan pays the pharmacy the cost of the drug materials, plus a percentage markup (33 1/3% for insulin, 50% for urine testing agents), less a maximum consumer charge of $1.00 for these drugs.

Prescription Quantities

The Prescription Drug Plan does not place any new restrictions on the prescribing practices of physicians. The physician continues to exercise his or her professional judgment in determining the course and duration of treatment for patients.

Negotiations with the Saskatchewan Pharmaceutical Association resulted in the establishment of the following guidelines for prescription quantities:

Pharmacies are permitted to charge one dispensing fee for:

1. Each two month supply of birth control pills and oral estrogens.

2. Each one hundred day supply of:

   Digitalis preparations
   Phenobarbital
   Anticonvulsant drugs
   Oral hypoglycemic agents
   Calcium preparations
   Thyroid and anti-thyroid preparations
   Gold compounds

3. A 34 day supply of all other formulary drugs.

Pharmacists are expected to continue dispensing quantities similar to quantities that were dispensed for one dispensing fee prior to the Prescription Drug Plan.

The Prescription Drug Plan does not impose any limits on quantities prescribed by physicians. A pharmacy may not dispense more than a six-month supply at one time, however.

Product Interchangeability

The Saskatchewan Formulary Committee has identified approximately 250 interchangeable drug groups. Interchangeable products are different brands of the same drug, with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality; their prices can vary widely, however. The Prescription Drug Plan utilizes compulsory product substitution in interchangeable drug groups to reduce the cost of drug materials.

The Prescription Drug Plan reimburses pharmacies for their acquisition cost of drug materials. When a prescription is filled for a drug in an interchangeable category, payment is based on the lowest-priced product in that category.

For example, assume that an interchangeable group contains the following brands at the unit prices shown:

Brand 1	$.0180
Brand 2	.0190
Brand 3	.0235
Brand 4	.0235
Brand 5	.0252
Brand 6	.0410

The pharmacist is expected to dispense the most economical product, and will be paid accordingly. If the physician prescribes any brand in this category, the pharmacist will be reimbursed for the drug dispensed to a maximum of 1.8¢ per unit.

In some cases, a physician may believe that a particular brand is necessary for the specific need of a patient. If so, he or she must indicate "no substitution", on the prescription, and the pharmacist will dispense the brand specified. If the prescription was written for "Brand 6", "no substitution", the pharmacist would dispense Brand 6, and be reimbursed at a rate of up to 4.1¢ per unit.

Non-Standard Beneficiaries

Certain categories of beneficiaries are entitled to Prescription Drug Plan benefits without paying the normal prescription charge, or are exempted from the charge when they receive certain drugs:

1. Saskatchewan Assistance Plan recipients with Plan 1 coverage pay the normal prescription charge of up to $3.50 for most formulary drugs. Special coverage is provided on the following drugs which Plan 1 recipients are entitled to receive without charge:

   Insulin preparations
   Oral hypoglycemic drugs
   Injectable Vitamin B_{12}
   Oral contraceptives

2. Saskatchewan Assistance Plan recipients nominated on the basis of drug needs (Plan 2 coverage) and dependents of Plan 1 recipients who are under the age of 18 are entitled to receive all drugs listed in the Saskatchewan Formulary without charge. In addition, Saskatchewan Health, Medical Services Division, covers the cost of megavitamin therapy and allergenic extracts for Plan 1 and Plan 2 beneficiaries.

3. Saskatchewan Assistance Plan recipients residing in nursing homes and approved homes (Plan 3 coverage) are entitled to receive all prescribed drugs without charge. The cost of non-formulary drugs is paid by Saskatchewan Health, Medical Services Division.

4. Special beneficiaries such as cystic fibrosis patients, paraplegics and chronic renal disease patients are entitled to receive all prescribed formulary drugs without charge. In addition, Saskatchewan Health, Aids to Independent Living covers the cost of non-formulary disease-related drugs prescribed for special beneficiaries.

Diabetic Policy

Diabetics do not require a physician's prescription to obtain insulin or urine testing agents as benefits under the Prescription Drug Plan.

A diabetic pays a maximum charge of $1.00 for each package of insulin or urine testing agent.

A physician's prescription is required for oral hypoglycemic agents and these are subject to a maximum charge of $3.50. A 100 day supply of oral hypoglycemic agents may be obtained for one prescription charge.

Oxygen Policy

Medical gaseous oxygen is covered by the Prescription Drug Plan and may be obtained from any Saskatchewan distributor.

The Prescription Drug Plan pays for the cost of oxygen plus transportation cost to a local distributor. The patient pays the cost of cylinder demurrage and local transportation.

In certain cases, coverage is provided while beneficiaries are out of the province.

Nutritional Supplements Policy

Certain nutritional products may be covered by the Prescription Drug Plan on Exception Drug Status when certain disease states do not permit the utilization of food.

The request for coverage must be made by the prescribing physician.

If the request is approved the Prescription Drug Plan will reimburse the patient for 70% of the nutritional supplement cost in excess of the first $100.

Auxiliary Services

The Prescription Drug Plan does not cover the cost of delivery, mailing or after hour services. The pharmacy may make an additional charge for these services.

Participating Pharmacies

On March 31, 1982 there were 348 pharmacy outlets participating in the Prescription Drug Plan. This figure includes 298 retail outlets in the province, 17 dispensing doctors, and 33 Manitoba and Alberta border pharmacies.

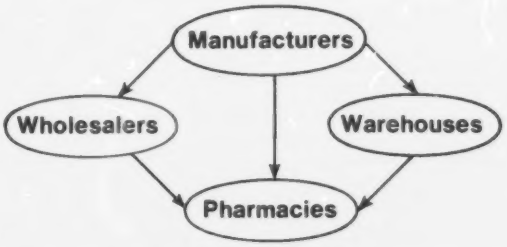
In-province pharmacies which meet the normal licensing requirements of the Saskatchewan Pharmaceutical Association (S.Ph.A.) can participate in the Prescription Drug Plan by signing the Saskatchewan Pharmacy Agreement. The terms of this agreement are negotiated with the S.Ph.A.

In certain remote communities without pharmacy services, physicians may participate in the Prescription Drug Plan as dispensing doctors.

Out-of-province pharmacies which have an established clientele of Saskatchewan residents are eligible to participate in the Prescription Drug Plan. The pharmacy must sign the Pharmacy Agreement before being eligible to submit claims and be reimbursed for drugs dispensed to Saskatchewan residents.

Acquisition and Distribution of Drug Materials

A continuous supply of quality drugs at reasonable prices is ensured using the following distribution network:



The wholesalers are: National Drug Limited, Regina, Prairieland Drug Wholesale Limited, Saskatoon and United Pharmacists Enterprises Limited, Saskatoon.

Prior to the implementation of the Prescription Drug Plan, some groups of pharmacies were involved in central purchasing and redistribution. These groups are recognized as "warehouses" and distribute only to member pharmacies. The warehouses are: Federated Co-operatives Limited, and White Cross Drugs Limited.

Drug costs listed in the Saskatchewan Formulary are determined through two methods: Standing Offer Contracts and Maximum Allowable Cost.

1. Standing Offer Contract (S.O.C.)

   An S.O.C. is a contract between a manufacturer and the Prescription Drug Plan to supply certain drug products to approved wholesalers and warehouses at a contracted price. These distributors purchase the drugs from manufacturers and distribute them to pharmacies.

   The procedure is as follows:

   a) The Saskatchewan Formulary Committee identifies the approved suppliers of a drug.

   b) All approved suppliers of that drug are invited to bid on the tender.

   c) An S.O.C. is usually awarded to the supplier(s) providing the lowest tendered price.

Example:

Approved Suppliers — 5

Contract period — for the formulary period January 1 to June 30

Intended number of contracts — 1

Package size — 1,000 tablets

Minimum order quantity — 50,000 tablets

Estimated requirement — 5,000,000 tablets

Bids received

Supplier	Brand	Tendered Price
A	1	$0.0068
B	2	0.0075
C	3	0.0121
D	4	0.0352
E	5	0.0422

A Standing Offer Contract would be made with "Supplier A" for "Brand 1" at $0.0068.

The pharmacist must dispense the S.O.C. drug in an interchangeable category unless the prescriber has specified "no substitution".

Standing Offer Contracts may also be used to obtain quantity discounts for single supplier drug products.

2. Maximum Allowable Cost (M.A.C.)

The M.A.C. method is used where prescription volumes of a drug are not sufficient to justify establishing a Standing Offer Contract.

Drug manufacturers must provide guaranteed maximum prices for each drug which they have listed in the Saskatchewan Formulary for the effective period of the Formulary — January 1 to June 30, and July 1 to December 31 of each year.

For a drug listed in an interchangeable category, the Prescription Drug Plan will reimburse the pharmacy for its acquisition cost up to the lowest guaranteed price in the Saskatchewan Formulary for drugs in that interchangeable category.

Using the following example, the M.A.C. would be 1.8¢:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

The Prescription Drug Plan is not directly engaged in the purchase and distribution of drug products. This function is primarily carried out by the aforementioned wholesalers and warehouses, under policies and guidelines set out by the Prescription Drug Plan.

Claims Processing

Pharmacists submit accounts (claims) to the Prescription Drug Plan on multiline claim forms. Those pharmacies with computers have the option of submitting claims through direct computer to computer telecommunication linkage.

The claim forms received from pharmacies and dispensing doctors are scanned to ensure completeness, micro-filmed, date stamped and counted. The information from each claim form is then keyed onto disk and transferred to magnetic tape.

On April 1, 1981, the Prescription Drug Plan became the paying agent for the Medical Services Division and the Saskatchewan Health Aids to Independent Living programs for non-formulary prescription drug materials that are benefits of these two agencies.

For telecommunication claims, the pharmacy must submit batch totals and an authorizing signature on a control document. The telecommunication claim information stored on disk is checked against this control document.

The keyed claim form information on magnetic tape and the telecommunication claim information on disk then enters the computer system where it is processed as follows:

1. a) After each claim is read by the computer, it is checked against stored information to determine whether the account can be approved for payment without further review by the Prescription Drug Plan staff.

   b) Certain claims are temporarily retained in the computer system for processing in a subsequent run. For example:

      i) The claim indicates an old registration number of a beneficiary who has been assigned a new Health Services registration number.

      ii) The claim is for a newborn whose beneficiary number has not yet been added to the family registration number on file.

2. Claims which pass the computer screening are automatically paid.

3. Claims which do not pass the computer screening are assessed and, where possible, corrected and reprocessed.

4. Claims which do not pass the computer screening are returned directly to pharmacists without payment in certain circumstances. For example:

   a) The consumer is not an eligible beneficiary.

   b) The drug product provided is not in the Saskatchewan Formulary.

   c) The claim cannot be processed because insufficient information was provided by the pharmacist.

5. A sample of paid claims is selected during each computer run for verification. The Prescription Drug Plan contacts the beneficiaries of these claims to ensure that the service paid for was provided and that all the information on the claim was correct.

Release of Information Policy

The Prescription Drug Plan will consider requests for Prescription Drug Plan data from serious researchers.

Drug utilization data generated by the Prescription Drug Plan covers approximately 947,000 persons, 1,500 formulary drugs in ambulatory use, 1,600 active prescribers and 348 retail pharmacy outlets. Approximately 4 million prescriptions are paid for by the Prescription Drug Plan annually.

Interested researchers should complete an Application for Research Data form obtainable from the Prescription Drug Plan. If the request is approved, the Prescription Drug Plan will provide the applicant with a cost estimate and a tentative date when the information will be provided.

Drug utilization data will be released by the Prescription Drug Plan in such a way as to protect the confidentiality of the consumer, the dispenser and the prescriber. Information may be used only for purposes specified in the researcher's advance request. Conclusions and interpretations must be discussed with the Prescription Drug Plan prior to publication, and the completed study submitted to the Prescription Drug Plan prior to its circulation. Guidelines for the release of Prescription Drug Plan data for research purposes are available on request.

Applicants are expected to bear all direct costs of producing the requested information. This includes computer processing costs, programming and research consultation. All direct costs are subject to a 10% surcharge to cover overhead.

Inquiries should be directed to the Executive Director, Prescription Drug Plan.

Statistical Synopsis

Prescription Drug Plan Beneficiaries

The covered population of the Prescription Drug Plan as of June 30, 1981 was 947,100. As can be seen from Table II, (page 17), the number of individuals receiving Prescription Drug Plan benefits in the fiscal year was 631,183, or 67% of the covered population. On average, each active beneficiary received 6.8 prescriptions for formulary drugs dispensed under the Prescription Drug Plan during the twelve month period, compared to 6.7 the previous year.

On a family unit basis, prescriptions were received by members of 375,692 families (81.5%) of 460,754 eligible families (see Table III, page 18). Each active family unit received an average of 11.4 prescriptions.

Prescription Drug Plan beneficiaries are divided into three general categories for statistical purposes: Standard Beneficiaries, Saskatchewan Assistance Plan Recipients and Special Beneficiaries (see Table IV, page 18). The Standard Beneficiary group accounted for 91.5% of prescriptions and 90.1% of the total Drug Plan prescription expenditure.

Saskatchewan Assistance Plan beneficiaries received 8.1% of all prescriptions and accounted for 9.3% of total expenditures.

Special Beneficiaries received 0.4% of all prescriptions and accounted for 0.6% of total expenditures.

Figure 1 is a graphic representation showing, by age group, the distribution of Prescription Drug Plan beneficiaries as compared to the eligible population and the percentage of total prescriptions dispensed to each age group (see Table II, page 17).

It can be seen from Figure 1 that, in general, prescription drug utilization increases with age. Highest utilization in relation to population is in the 45 years and older group, particularly those 65 years and older. The 65+ age group made up 12.2% of the eligible population, represented 15.1% of Drug Plan active beneficiaries, and received 33.5% of all prescriptions.

Figure 2 shows the percentage of total Drug Plan prescriptions dispensed to males and females by age group.

As shown in Table II (page 17) females received an average of 5.5 prescriptions per eligible female beneficiary in the fiscal year compared to 3.6 prescriptions per eligible male beneficiary. When sex specific drugs such as oral contraceptives are excluded, females received an average of 4.8 prescriptions per eligible beneficiary.

Figure 1: Active Beneficiaries and Prescriptions Dispensed by Age Groups

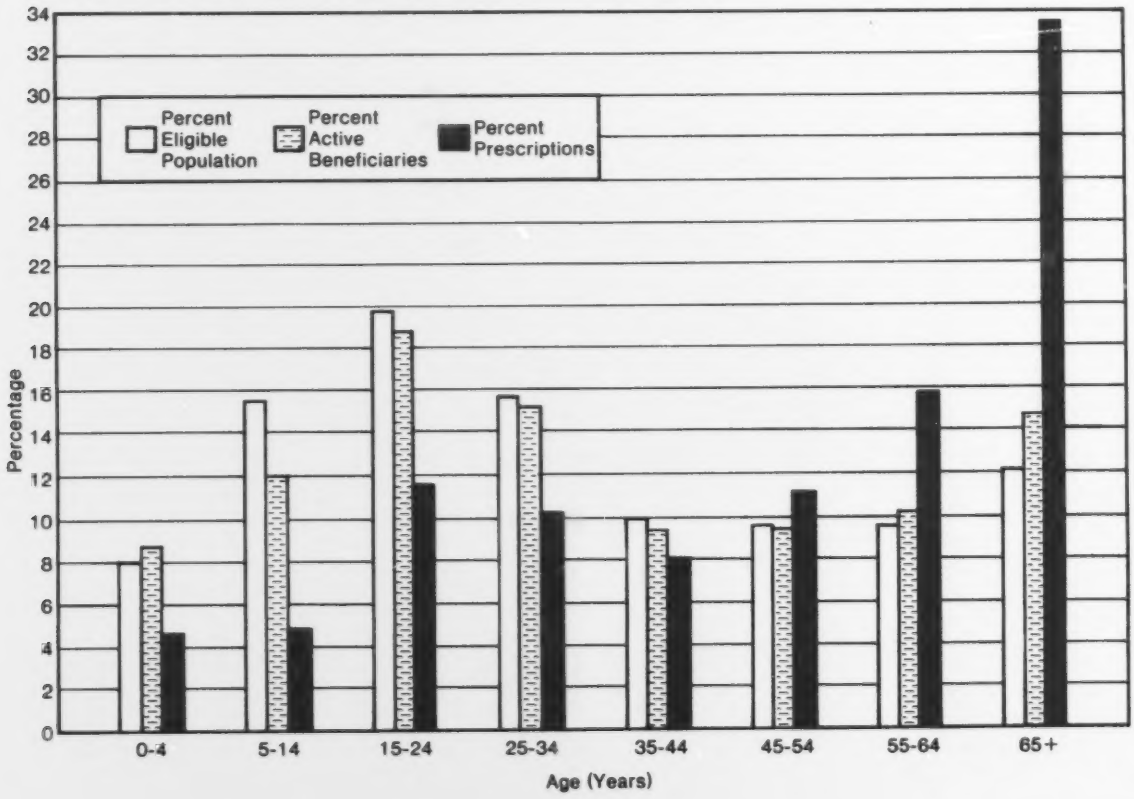
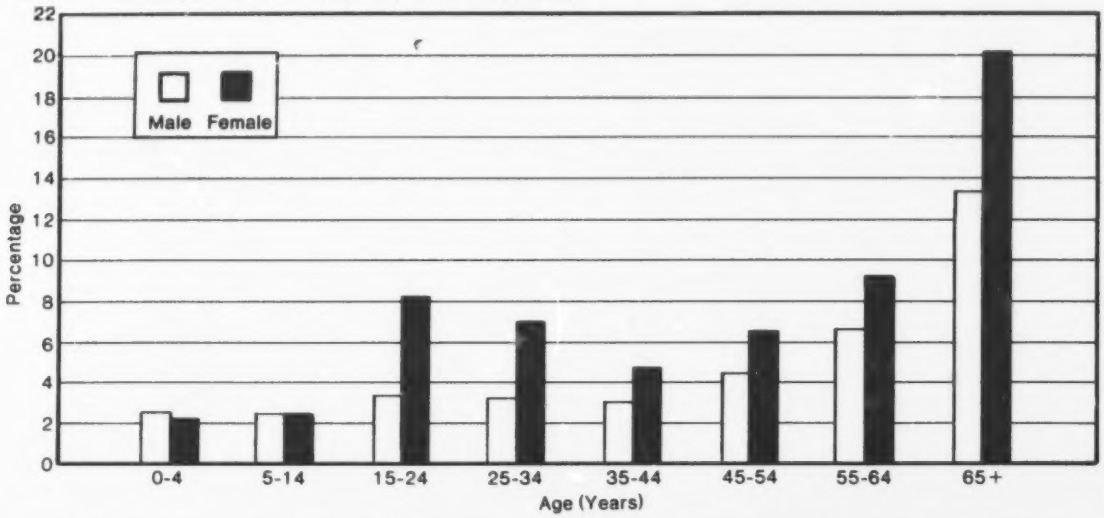


Figure 2: Percentage Total Prescriptions by Sex and Age Group



55.5% of active beneficiaries for the fiscal year were female, while females made up 49.7% of the covered population. The female group accounted for 60.5% of all prescriptions (including sex-specific drugs), averaging 7.4 prescriptions per active beneficiary as compared to 6.0 prescriptions for active male beneficiaries. For all age groups beyond age 14, females received more prescriptions per active beneficiary.

Drugs

During 1981-82, the Prescription Drug Plan provided coverage for 4.29 million prescriptions compared to 4.19 million prescriptions during 1980-81. This represents a 2.4% increase in prescription volume compared to a 4.5% increase between 1979-80 and 1980-81.

Table V (page 19) shows prescription volume and Prescription Drug Plan expenditures by Pharmacologic-Therapeutic Classification. Four categories, Central Nervous System (CNS) Drugs, Anti-Infectives, Cardiovascular Drugs, and Hormones and Substitutes accounted for 72.2% of all prescriptions and 68.7% of all prescription expenditures.

Figure 3 shows proportional prescription volume by Pharmacologic-Therapeutic Classification for the

Figure 3: Prescription Volume by Pharmacologic-Therapeutic Classification

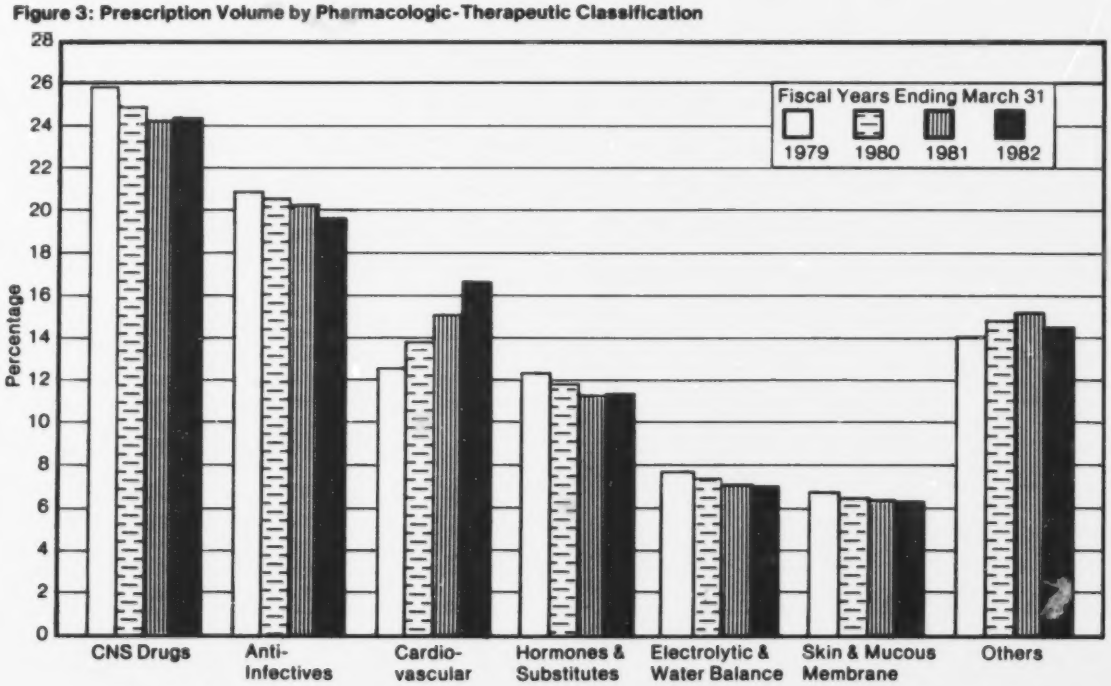
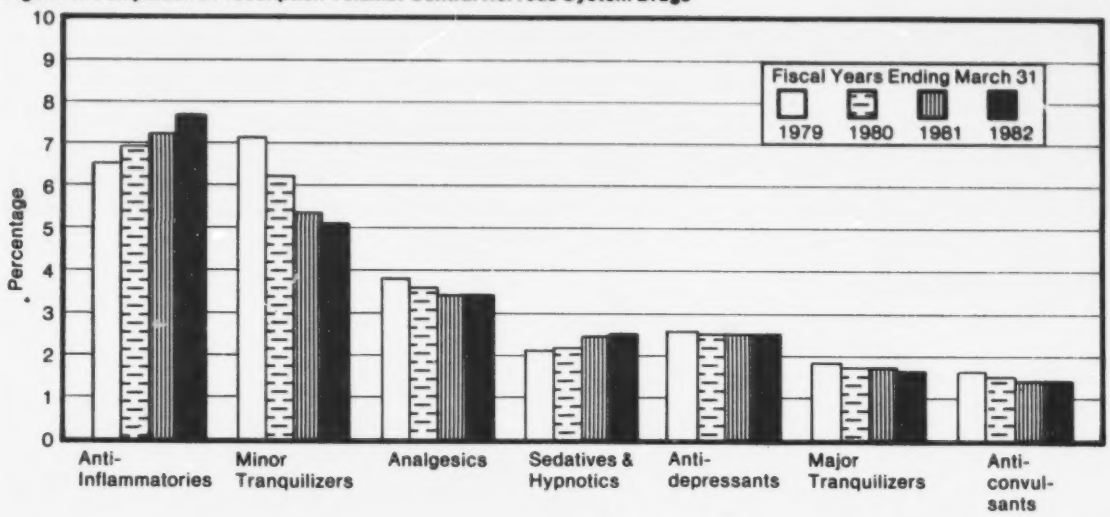


Figure 4: Comparative Prescription Volume: Central Nervous System Drugs



last four fiscal years. The proportional prescription volume for Cardiovascular drugs has increased steadily over this time period. Conversely, a decline is apparent in the proportional use of Anti-infectives, Electrolytic and Water Balance drugs, and Skin and Mucous Membrane Preparations. In the 1981-82 fiscal year, the proportional use of the Central Nervous System drugs and Hormones and Substitutes each showed a small increase of .1% over the 1980-81 fiscal year.

Figure 4 presents a subdivision of CNS drugs showing proportional prescription volume within the category. Anti-arthritic drugs (anti-inflammatories) have been the most widely prescribed CNS drugs over the past few years. This class accounted for 7.6% of all prescriptions in 1981-82 compared to 6.5% in 1978-79.

Use of minor tranquilizers has declined in each of the last four years. These drugs accounted for 7.1% of all prescriptions in 1978-79 compared to 5.1% in 1981-82. Proportional use of analgesics, antidepressants, major tranquilizers and anticonvulsants decreased slightly between 1978-79 and 1981-82, while proportional sedative and hypnotic use increased.

Not included in the tables of the Statistical Synopsis are approximately 9,000 Exception Status prescriptions covered by the Prescription Drug Plan during 1981-82. Over 3,000 beneficiaries received Exceptional Status prescriptions during the fiscal year. Total Prescription Drug Plan payment for these prescriptions was $333,676. In addition, Drug Plan expenditures on medical oxygen totalled $310,023.

Prescribers

Table VI (page 19) shows a frequency distribution of prescribers by the number of prescriptions paid by the Prescription Drug Plan during the fiscal year. The table excludes prescribers with fewer than 20 formulary prescriptions during 1981-82. Both new and repeat prescriptions are included in the table. Of the 1,624 prescribers indicated in Table VI, 661 prescribed less than 500 prescriptions paid by the Prescription Drug Plan and 61 prescribed 10,000 or more prescriptions.

Pharmacies

A total of 369 pharmacy outlets received payment from the Prescription Drug Plan in the fiscal year. Of these 68.3% were independent pharmacies and 18.7% were chain outlets (see Table X, page 21). The prescription volume in independent pharmacies increased from 60.8% in 1980-81 to 61.0% in 1981-82 while the volume in chain stores decreased from 30.2% to 29.9% over the same period. Although independent pharmacies had the largest share of prescription volume, chain stores captured a greater volume than their numbers would predict.

Table I
Prescription Drug Plan Payments to Pharmacies

Statistical Tables[1]	
Prescription Drug Plan Payments	
Drug Material Cost	$25,937,363
Dispensing Fee Subsidy	4,770,165
Total Prescription Drug Plan Payment	$30,707,528
Manual Adjustments[2]	181,608
Net Payment to Pharmacies	$30,889,136
Financial Statements	
Reimbursements to Pharmacies	
Drug Material Cost[3]	$26,084,166
Distribution Charges[4]	4,804,970
Net Payment to Pharmacies	$30,889,136

[1] Statistical Tables II to XIV do not reflect manual adjustments or special status drugs expenditures.

[2] Manual adjustments include year-end adjustments made in accordance with accounting policies and other adjustments. See Notes to Financial Statements page 27.

[3] See Schedule of Drug Material Costs page 26.

[4] Refers to dispensing fee subsidies paid by the Prescription Drug Plan. See Statement of Revenue, Expenditures and Fund Balance page 25.

Table II
Prescription Drug Utilization by Age and Sex of Consumer[1]

Age of Consumer	Eligible Population[2]	Active Beneficiaries[3]	Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment[4]
Male					
0 - 4 years	38,794	30,898	105,745	$ 380,136	$ 508,475
5 - 14	75,148	37,477	102,883	514,146	634,073
15 - 24	93,980	46,692	146,719	729,636	898,804
25 - 34	76,702	40,206	149,040	882,283	1,051,077
35 - 44	47,996	27,187	137,541	913,084	1,066,625
45 - 54	45,796	27,246	192,815	1,390,753	1,602,484
55 - 64	44,394	29,356	286,855	2,079,825	2,387,223
65 and over	53,722	42,121	574,877	3,739,246	4,369,118
Male Total	476,532	281,183	1,696,475	$10,629,109	$12,517,879
Female					
0 - 4 years	36,790	28,662	92,401	$ 335,990	$ 449,474
5 - 14	71,585	38,032	102,306	467,101	588,671
15 - 24	89,745	71,928	353,698	2,110,215	2,491,398
25 - 34	72,787	56,890	299,544	1,789,763	2,096,159
35 - 44	47,123	33,251	205,232	1,223,089	1,434,644
45 - 54	44,898	32,643	282,203	1,757,949	2,063,573
55 - 64	46,093	35,154	396,157	2,532,953	2,963,014
65 and over	61,547	53,440	861,689	5,091,194	6,102,716
Female Total	470,568	350,000	2,593,230	$15,308,254	$18,189,649
Both Sexes					
0 - 4 years	75,584	59,560	198,146	$ 716,126	$ 957,949
5 - 14	146,733	75,509	205,189	981,247	1,222,744
15 - 24	183,725	118,620	500,417	2,839,851	3,390,202
25 - 34	149,489	97,096	448,584	2,672,046	3,147,236
35 - 44	95,119	60,438	342,773	2,136,173	2,501,269
45 - 54	90,694	59,889	475,018	3,148,702	3,666,057
55 - 64	90,487	64,510	683,012	4,612,778	5,350,237
65 and over	115,269	95,561	1,436,566	8,830,440	10,471,834
Grand Total	947,100	631,183	4,289,705	$25,937,363	$30,707,528

[1] All active beneficiaries appear in the age and sex group which applied as of the last benefit prescription received.

[2] See page 8, Eligibility for Benefits. Eligible population was derived from the Saskatchewan Hospital Services Plan Covered Population Report, 1981.

[3] Number of persons to whom at least one prescription was dispensed.

[4] Includes drug material cost and dispensing fee subsidy plus the prescription charge subsidy for Special Beneficiaries and certain Saskatchewan Assistance Plan Beneficiaries.

Table III
Prescription Costs to Families

Cost to Family (Consumer Cost)[1]	Number of Families	Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment	Total Family Payments (Consumer Cost)[1]	Total Credits to Pharmacies[2]
Non-Users	85,062	—	—	—	—	—
$ 0.00 - 10.00[3]	115,079	372,137	$ 1,893,365	$ 2,819,007	$ 585,587	$ 3,404,594
10.01 - 20.00	71,838	355,289	1,970,807	2,352,067	1,083,236	3,435,303
20.01 - 30.00	50,025	405,538	2,370,973	2,781,320	1,255,928	4,037,248
30.01 - 40.00	34,161	384,509	2,249,277	2,629,754	1,195,446	3,825,200
40.01 - 50.00	23,897	343,697	2,048,077	2,386,290	1,069,544	3,455,834
50.01 - 60.00	16,928	296,070	1,786,424	2,074,810	925,428	3,000,238
60.01 - 70.00	13,205	272,374	1,661,601	1,925,119	853,174	2,778,293
70.01 - 80.00	10,487	249,566	1,536,809	1,778,052	782,375	2,560,427
80.01 - 90.00	8,246	222,783	1,396,839	1,612,044	699,625	2,311,669
90.01 - 100.00	6,139	184,937	1,165,898	1,344,629	582,834	1,927,463
100.01 - 150.00	16,926	647,794	4,184,409	4,804,142	2,039,169	6,843,311
150.01 - 200.00	5,639	304,413	2,010,910	2,300,564	961,150	3,261,714
200.01 - 300.00	2,663	198,141	1,313,481	1,501,445	625,786	2,127,231
300.01 and over	459	52,457	348,493	398,285	165,855	564,140
	460,754[4]	4,289,705	$25,937,363	$30,707,528	$12,825,137	$43,532,665

[1] These figures are based on maximum prescription charges and do not reflect discounting practised by many pharmacies (see Table 12). It is estimated that consumers save over three quarters of a million dollars through pharmacy discounts.

[2] Calculated as the sum of Total Drug Plan Payments plus Total Family Payments (see footnote 1 above).

[3] Non-standard beneficiaries receiving prescriptions without charge are shown in this group (see page 9).

[4] Total number of families eligible for Drug Plan benefits. Derived from the Saskatchewan Hospital Services Plan Covered Population Report 1981.

Table IV
Prescription Drug Utilization by Type of Beneficiary

Type of Beneficiary[1]	Active Beneficiaries	Number of Prescriptions	Total Drug Plan Payments
Standard Beneficiaries	600,364	3,925,833	$27,661,948
Saskatchewan Assistance Plan			
— No Supplementary Coverage	16,843	125,739	835,910
— Special Coverage	3,786	14,110	146,695
— Full Drug Coverage to Age 18[2]	10,888	30,497	245,368
— Full Drug Coverage	10,887	178,014	1,636,784
Special Beneficiaries			
— Paraplegics	649	8,927	101,484
— Cystic Fibrosis	91	1,493	22,489
— Chronic Renal Disease	153	5,086	56,663
— Other	1	6	187
Total	631,183[3]	4,289,705	$30,707,528

[1] See Page 9 for definitions of type of beneficiaries.

[2] Dependents of Saskatchewan Assistance Plan beneficiaries with no supplementary coverage.

[3] The total number receiving benefit does not equal this column total because a beneficiary may be covered in more than one category during the fiscal year.

Table V
Prescriptions by Pharmacologic — Therapeutic Classification

Pharmacologic — Therapeutic Classification[1]		Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment
8:00	Anti-Infectives	841,684	$ 3,303,357	$ 4,225,728
12:00	Autonomic Drugs	148,912	1,094,550	1,279,620
20:00	Blood Formation and Coagulation	12,227	48,328	60,975
24:00	Cardiovascular Drugs	713,491	4,396,822	5,139,896
28:00	Central Nervous System Drugs	1,044,687	6,933,416	8,178,442
36:00	Diagnostic Agents	28,402	114,480	134,910
40:00	Electrolytic, Caloric and Water Balance	308,527	1,120,115	1,475,529
48:00	Cough Preparations	341	4,073	4,705
52:00	Eye, Ear, Nose and Throat Preparations	152,561	818,403	981,456
56:00	Gastrointestinal Drugs	93,145	1,971,384	2,074,982
60:00	Gold Compounds	875	26,793	27,638
64:00	Metal Antagonists	1,992	46,450	48,500
68:00	Hormones and Substitutes	496,619	3,025,180	3,547,773
76:00	Oxytocics	309	561	885
84:00	Skin and Mucous Membrane Preparations	268,863	1,795,621	2,087,331
86:00	Spasmolytics	46,225	227,658	279,835
88:00	Vitamins	31,999	73,247	114,356
92:00	Unclassified	67,316	731,315	807,522
	Extemporaneous Preparations	31,530	205,610	237,445
Total		4,289,705	$25,937,363	$30,707,528

[1] The drug classification system used is that of the American Society of Hospital Pharmacists.

Table VI
Prescribers by Number of Prescriptions

Number of Prescriptions[2]	Number of Prescribers[1] Physicians	Dentists	Total
20 - 499	417	244	661
500 - 999	128	7	135
1,000 - 1,999	178	2	180
2,000 - 2,999	115	—	115
3,000 - 3,999	111	—	111
4,000 - 4,999	88	—	88
5,000 - 5,999	88	—	88
6,000 - 6,999	71	—	71
7,000 - 7,999	52	—	52
8,000 - 8,999	36	—	36
9,000 - 9,999	26	—	26
10,000 - 10,999	16	—	16
11,000 - 11,999	16	—	16
12,000 - 12,999	13	—	13
13,000 - 13,999	5	—	5
14,000 - 14,999	4	—	4
15,000 - 19,999	7	—	7
Total	1,371	253	1,624

[1] Excludes physicians and dentists with fewer than 20 prescriptions during 1981-82.

[2] Includes new and repeat prescriptions.

Table VII
Prescription Volumes by Pharmacy Location

Location of Pharmacy	Number of Pharmacies[1]	Number of Prescriptions	Total Drug Plan Payment
Single Pharmacy Towns	87	766,703	$ 5,309,396
2 - 4 Pharmacy Towns	61	691,793	4,869,167
Cities			
Estevan	5	68,017	495,503
Lloydminster[2]	3	24,353	152,659
Melfort[3]	4	59,299	450,429
Melville	3	53,355	340,116
Moose Jaw	11	218,175	1,484,306
North Battleford	7	98,991	772,165
Prince Albert	12	206,385	1,368,227
Regina	47	855,202	6,219,119
Saskatoon	53	771,752	5,909,352
Swift Current	7	135,951	972,908
Weyburn	5	91,956	655,560
Yorkton	9	132,619	918,903
Dispensing Doctors	20	83,361	572,550
Border Pharmacies	35	31,793	217,168
Total	369	4,289,705	$30,707,528

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the 1981-82 fiscal year.

[2] Does not include three pharmacies located in Lloydminster, Alberta. These are included as Border Pharmacies.

[3] Melfort was incorporated as a city on August 26, 1980.

Table VIII
Number and Location of Participating Pharmacies

Pharmacy Outlets	March 31, 1981	March 31, 1982
Dispensing Doctors	18	17
1 Pharmacy Towns	81	82
2 - 4 Pharmacy Towns	60	59
Cities		
Estevan	5	5
Lloydminster[1]	3	3
Melfort[3]	—	4
Melville	3	3
Moose Jaw	10	11
North Battleford	7	7
Prince Albert	10	12
Regina	43	43
Saskatoon	48	49
Swift Current	7	7
Weyburn	5	5
Yorkton	8	8
Sub-total — Saskatchewan Outlets	308	315
Border Pharmacies	34	33
Total Outlets	342	348[2]

[1] Does not include three pharmacies located in Lloydminster, Alberta. These are included as Border Pharmacies.

[2] Total Outlets differ from Number of Pharmacies in Tables VII, IX, and X due to changes in ownership.

[3] Melfort was incorporated as a City on August 26, 1980.

Table IX
Prescription Volumes by Number of Pharmacies

Number of Prescriptions	Number of Pharmacies 1980-81	1981-82
1 - 10,000	190	199
10,001 - 20,000	112	112
20,001 - 30,000	39	36
30,001 - 40,000	11	14
over 40,000	8	8
Total	360	369

Table X
Pharmacies by Type of Ownership

Type of Ownership	Pharmacies[1] Number	Percent	Prescriptions Number	Percent	Drug Plan Payment Amount	Percent
Independent	252	68.3	2,617,292	61.0	$18,642,288	60.7
Chain[2]	69	18.7	1,281,024	29.9	9,203,375	30.0
Co-operatives	25	6.8	294,043	6.9	2,169,129	7.1
Dispensing Doctor	20	5.4	83,361	1.9	572,550	1.8
Hospital Outpatient	3	0.8	13,985	0.3	120,186	0.4
Total	369	100.0	4,289,705	100.0	$30,707,528	100.0

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the 1981-82 fiscal year.

[2] Defined as common ownership of four or more stores.

Table XI
Dispensing Fees and Prescription Charges[1]

	March 31, 1981	March 31, 1982
Maximum dispensing fee[2]	$4.05	$4.65
Average dispensing fee	3.78	4.46
Maximum prescription charge	3.10	3.50
Average prescription charge	2.90	3.32

[1] Based on dispensing fees and declared prescription charges in effect as of March 31 of each year. Prescription charges do not reflect courtesy discounts which many pharmacies provide to senior citizens.

[2] Negotiated with the Saskatchewan Pharmaceutical Association.

Table XII
Prescription Charges by Pharmacies
at March 31, 1982

Prescription Charge[1]	Number of Pharmacies
$1.85	1
$2.00 - $2.49	2
$2.50 - $2.99	2
$3.00 - $3.19	60
$3.20 - $3.39	7
$3.40 - $3.49	2
$3.50	274
Total	348

[1] Based on prescription charges in effect as of March 31, 1982. Prescription charges do not reflect the courtesy discounts which many pharmacies provide to senior citizens.

Table XIII
Number of Pharmacies by Levels of Prescription Charges[1]

	Number of Pharmacies	
	March 31, 1981	March 31, 1982
Maximum prescription charge	256	274
Reduced prescription charge	86	74
Total	342	348

[1] Based on declared prescription charges as of March 31 of each year. Prescription charges do not reflect the courtesy discounts which many pharmacies provide to senior citizens.

Table XIV
Drug Material Cost by Manufacturer

Manufacturer	Drug Material Cost 1980-81	1981-82
Abbott Laboratories	$ 405,943	$ 485,603
Alcon Laboratories	73,244	82,334
Allen and Hanburys	798,965	962,696
Allergan Canada Ltd.	7,596	22,038
Ames, Division Miles Labs Ltd.	55,676	67,642
Anca Laboratories	53,587	81,468
Apotex Inc.	210,967	383,819
Ayerst Laboratories	1,387,498	1,497,046
Astra Chemicals Ltd.	72,010	132,627
Beecham Laboratories, Division of Mowat & Moore Ltd.	25,295	17,967
Boehringer Ingelheim Ltd.	370,645	343,852
Bristol Laboratories of Canada	50,913	57,630
Burroughs Wellcome Ltd.	556,298	354,651
Calmic Ltd.	101,374	113,244
Ciba Pharmaceuticals	460,657	531,774
Connaught Laboratories Ltd.	342,941	411,256
CooperVision Inc.	22,231	20,664

Table XIV
Drug Material Cost by Manufacturer — Continued

Manufacturer	Drug Material Cost 1980-81	1981-82
Dome Laboratories	2,427	1,254
Dow Pharmaceuticals	110,015	32,701
Endo Laboratories	27,581	40,377
Fisons (Canada) Ltd.	275,555	341,363
Flint Laboratories	7,721	6,987
Charles E. Frosst & Company	1,280,257	1,353,153
Geigy Pharmaceuticals	684,592	712,456
Glaxo Laboratories	237,682	316,478
Harris Laboratories	10,245	10,064
Hoechst Pharmaceuticals	220,602	267,203
Hoffman-LaRoche Ltd.	519,622	436,593
Frank W. Horner Ltd.	224,065	365,000
ICN Canada Ltd.	268,711	194,105
K-Line Pharmaceuticals Ltd.	21,130	30,749
Lederle Products, Cyanamid of Canada	141,240	138,893
Eli Lilly & Company Ltd.	814,512	871,961
McNeil Laboratories Ltd.	144,361	176,121
Merck Sharpe & Dohme Canada Ltd.	1,561,861	1,707,261
The Wm. S. Merrell Company	76,675	107,547
Miles Pharmaceuticals	—	81,201
Nadeau Laboratory Ltd.	6,040	15,273
Nordic Pharmaceuticals	40,573	67,125
Novopharm Ltd.	1,087,405	1,451,193
Norwich-Eaton Pharmaceuticals	126,283	168,700
Organon Canada Ltd.	29,517	29,111
Ortho Pharmaceutical (Canada) Ltd.	529,175	632,106
Parke, Davis & Company Ltd.	413,212	490,831
Pentagone Laboratories Ltd.	—	1,244
Penwalt of Canada Ltd.	—	442
Pfizer Company Ltd.	281,747	629,415
Pharmacia (Canada) Ltd.	49,655	79,779
The Purdue Frederick Co. (Canada) Ltd.	22,087	34,938
Reed & Carnrick	11,208	11,283
Rhone Poulenc Pharma Inc.	539,879	616,037
Riker Pharmaceuticals Co. Ltd.	8,987	9,605
A. H. Robins Company Ltd.	85,091	75,796
William H. Rorer	44,032	42,310
Rougier Inc.	14,781	26,150
Roussel (Canada) Ltd.	95,448	100,028
Sabex International Ltd.	91	100
Sandoz Pharmaceuticals	429,720	621,405
Schering Corp. Ltd.	308,829	361,337
G. D. Searle & Co. of Canada Ltd.	376,198	445,819
Smith Kline & French Canada Ltd.	2,089,860	2,559,315
E. R. Squibb & Sons Ltd.	400,578	520,915
Stanley Drug Products Ltd.	12,067	22,624
Stiefel Laboratories (Canada) Ltd.	22,829	22,315
Syntex Ltd.	1,209,427	1,484,552
Trans Canada Dermapeutics	1,178	3,096
The Upjohn Company of Canada	723,614	867,173
USV Canada Inc.	13,631	40,199
Westwood Pharmaceuticals	19,170	33,328
Winthrop Laboratories	179,752	208,459
Wyeth Ltd.	1,003,996	1,301,877
Extemporaneous Preparations[1]	171,754	205,695
Total	$21,972,508	$25,937,363

[1] Extemporaneous Preparations are compounded by the pharmacist.

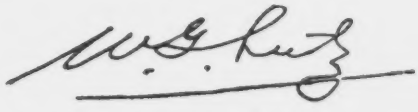
Financial Statements

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan:

I have examined the balance sheet of the Saskatchewan Prescription Drug Plan as at March 31, 1982 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Prescription Drug Plan as at March 31, 1982 and the results of its transactions for the year then ended in accordance with the stated accounting policies applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
June 10, 1982.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

Balance Sheet
March 31, 1982
(with comparative figures at March 31, 1981)

	1982	1981
Assets		
Current		
Bank	$ 29	$ –
Fixed – at cost		
Furniture and equipment	49,102	48,812
	$49,131	$48,812
Liabilities and Equity		
Liabilities		
Fund Surplus – due to Minister of Finance (Statement 2)	$ 29	$ –
Equity in fixed assets	49,102	48,812
	$49,131	$48,812

(See accompanying notes to the financial statements)

Statement 2

Statement of Revenue, Expenditure and Fund Balance
Year Ended March 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Revenue		
Grant – Province of Saskatchewan	$33,795,334	$29,128,417
Standing offer contract acquisition cost adjustments	18,705	84,679
Miscellaneous revenue	3,684	5,014
Audit recoveries	33,614	154,774
Total revenue	33,851,337	29,372,884
Expenditure		
Drug material costs (Schedule 1)	26,727,865	22,388,986
Distribution charges	4,804,970	4,255,073
Administrative disbursements (Schedule 2)	2,260,902	2,309,443
Acquisition of fixed assets	7,332	2,856
Receipts on behalf of Consolidated Fund	50,239	190,933
Total expenditure	33,851,308	29,147,291
Excess of revenue over expenditure	29	225,593
Balance of fund, beginning of year	–	(225,593)
Fund surplus, end of year	$ 29	$ –

(See accompanying notes to the financial statements)

Schedule 1

Schedule of Drug Material Costs
Year Ended March 31, 1982

(with comparative figures for the 1981 year)

	1982	1981
Reimbursements to pharmacies	$26,084,166	$22,045,830
Special status drugs reimbursements	643,699	343,156
	$26,727,865	$22,388,986

(See accompanying notes to the financial statements)

Schedule 2

Schedule of Administrative Disbursements
Year Ended March 31, 1982

(with comparative figures for the 1981 year)

	1982	1981
Salaries	$1,265,994	$1,292,375
Registration services (S.H.S.P.)	306,341	272,137
Computer services	259,540	336,701
Employee fringe benefits	78,975	66,196
Printing and advertising	71,026	80,427
Rent of office equipment	58,361	57,188
Grant to University of Saskatchewan	44,300	41,610
Stationery and office supplies	42,225	33,833
Laboratory fees	38,541	41,830
Honorariums	25,538	24,661
Travel and sustenance	28,874	20,071
Data processing services (S.H.S.P.)	334	6,734
Postage and communication	18,032	17,348
Repairs and maintenance	13,441	12,769
Educational and professional fees	5,777	5,563
Contractual services	900	–
Telecommunications	2,703	–
	$2,260,902	$2,309,443

(See accompanying notes to the financial statements)

Notes to Financial Statements March 31, 1982

Accounting Policies

(a) The Saskatchewan Prescription Drug Plan follows the modified cash basis of accounting wherein revenue is recorded as collected and expenditures are recorded when payments are made. The financial statements reflect the cash basis of accounting with the following exceptions:

(i) Revenue
Receipts relating to the current year received up to April 16 of the following fiscal year are recorded as receipts of the period.

(ii) Drug material costs and distribution charges
Expenditure for claims received and relating to drugs dispensed prior to March 31, and paid before April 30 of the next fiscal year are recorded as expenditures of the period.

The following amounts for claims dispensed by pharmacies but not received by the Plan prior to March 31 have not been reflected in the financial statements.

1982	1981
$580,555	$387,834

(iii) Administration costs
Expenditures for goods or services rendered before March 31 and paid before April 30 of the next fiscal year are recorded as expenditures of the period.

(b) In accordance with government accounting policy, costs which are not normally allocated between government agencies, such as occupancy costs, office services and personnel administration are not charged to the Plan.

(c) Acquisition costs of fixed assets are current expenditures in the year the assets are acquired with a corresponding entry to "Equity in Fixed Assets". Because asset purchases and sales appear in the statement of revenue and expenditure, no provision has been made for depreciation on fixed assets.

(d) When fixed assets are retired, sold or abandoned the original costs are removed from the fixed asset accounts together with a corresponding entry to equity in fixed assets.